

HOTEL ASSET (FORMER RED LION)

1501 E SANTA FE AVE | GRANTS, NM 87020



 **NewGen**
ADVISORY

EXCLUSIVELY LISTED BY:

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TABLE OF CONTENTS

Investment Opportunity	3
Market Overview & Performance	12
Advisor Bio	23





INVESTMENT OPPORTUNITY

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Investment Summary

The former Red Lion in Grants, New Mexico presents a compelling value-add opportunity in a market supported by consistent Interstate 40 traffic, government and contractor demand, and year-round outdoor tourism. Strategically located directly off I-40, the property benefits from exceptional visibility and convenient access, positioning it well for a variety of redevelopment strategies. Currently closed, the asset offers a true blank-slate opportunity for investors to reposition without operational disruption.

Potential pathways include rebranding and reopening as a hotel to capture transient and workforce demand, converting the property to affordable or workforce housing to address regional needs, or redeveloping it into market-rate apartments supported by the existing infrastructure and footprint.

The building features expansive common areas and flexible interior layouts that allow for creative reconfiguration and adaptive reuse, including the potential for additional revenue-generating components such as co-working space, community amenities, or service-oriented commercial uses.

Ownership is highly motivated and willing to work with qualified buyers to structure a transaction aligned with their business plan, including seller carry, lease-option arrangements, or other creative financing solutions - making the opportunity attractive to both experienced operators and value-add investors seeking scalable upside.



Investment Highlights

- **Multiple Repositioning Options:** Rebrand as a Choice, Wyndham, or Sonesta hotel, convert to affordable/workforce housing, or redevelop into market-rate apartments; flexible layout supports adaptive reuse.
- **Prime Interstate 40 Location:** Direct highway access and visibility along a major east-west corridor supporting transient, contractor, and residential demand.
- **Ancillary Revenue Potential:** Large common areas suitable for co-working, amenities, storage, retail, or other income-generating uses.
- **Stable Workforce & Government Demand:** Consistent demand drivers from energy, mining, construction, transportation, and public sector employers.
- **Vacant Value-Add Opportunity:** Closed asset allows renovation and repositioning without operational disruption or legacy constraints.
- **Motivated Seller/Creative Financing:** Seller is open to lease-option, seller carry, or other flexible structures to align with buyer strategy.
- **Underserved Housing Market:** Strong local demand for affordable and market-rate housing; potential eligibility for incentives.
- **Attractive Basis with Upside:** Large, well-located asset offered at a compelling entry point with significant repositioning potential.



Property Details

List Price	\$2,500,000
Brand	Former Red Lion
Location	1501 E Santa Fe Ave, Grants, NM 87020
Submarket	Cibola County
Building Size	183,757 SF
Lot Size	5.15 AC
Year Built	1968
Floors	2
Rooms	127
Amenities	Meeting Space, Fitness Center, Indoor Pool, On-site Restaurant & Bar
Property Condition	Property is Closed



Commercial Kitchen



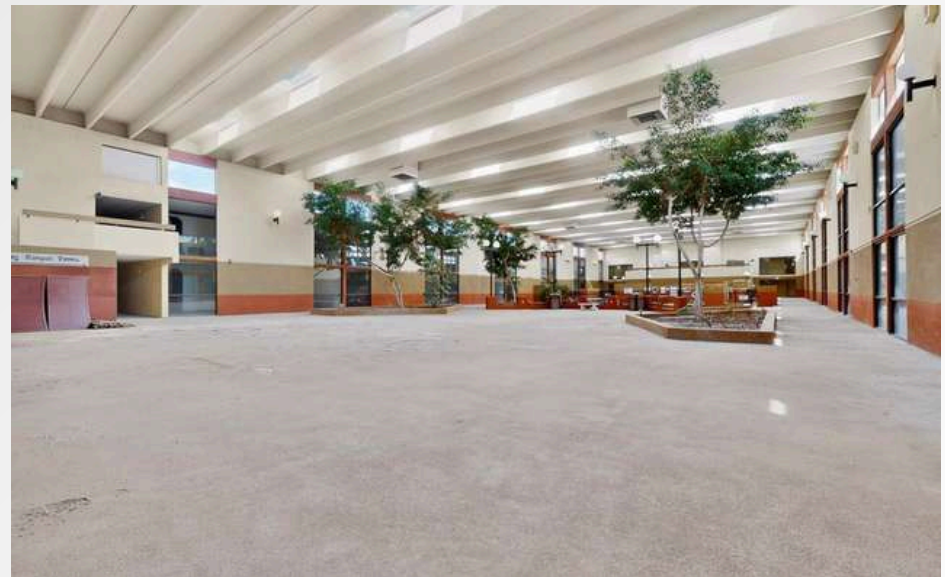
Guest Rooms



Common Areas



Convention Space



Parcel Outline



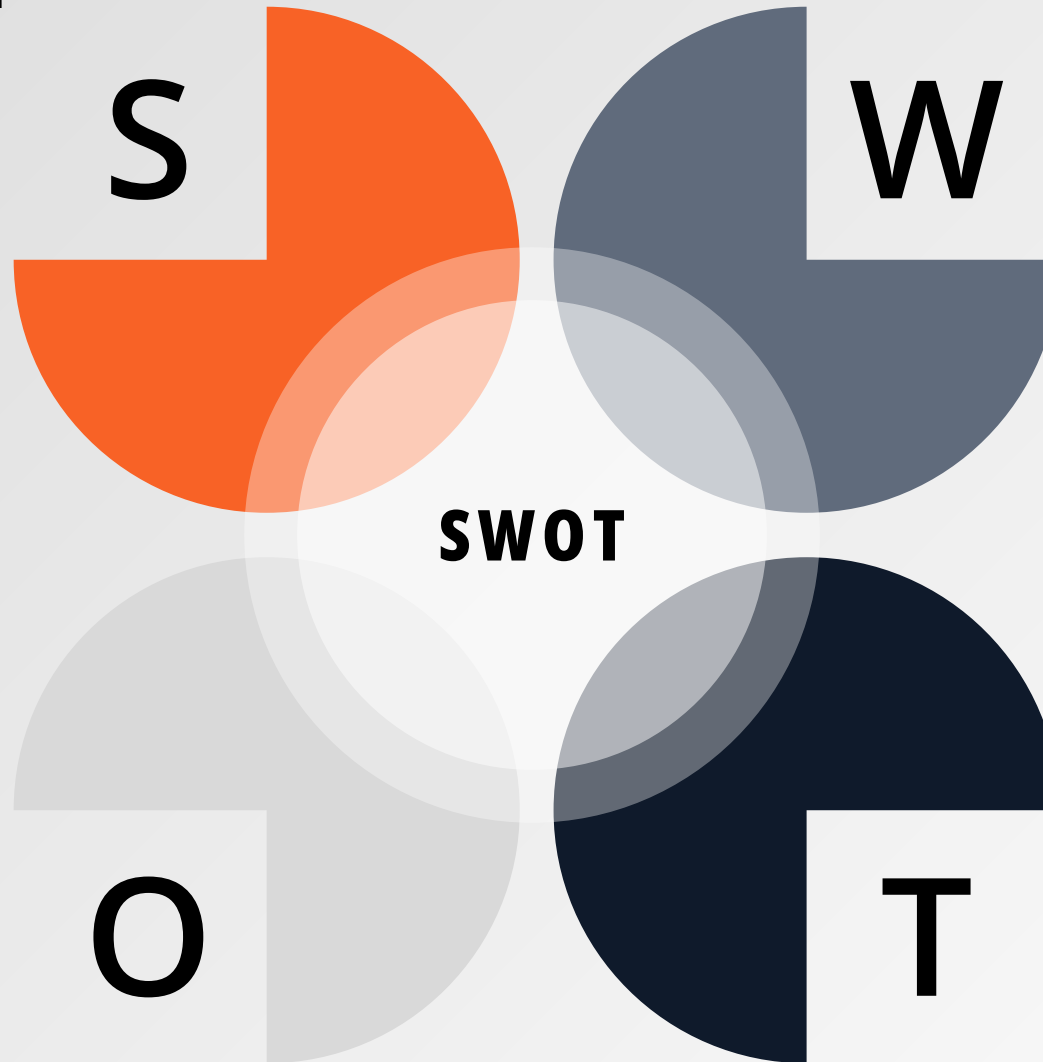
SWOT Analysis

STRENGTHS

- Flexible repositioning potential (hotel, affordable/workforce housing, or market-rate apartments).
- Prime I-40 visibility and access supporting transient and commercial demand.
- Large, adaptable layout with ancillary revenue potential.
- Established workforce and government demand base.
- Vacant asset allows seamless renovation and repositioning.

OPPORTUNITIES

- Rebrand and relaunch to capture interstate and contractor demand.
- Housing conversion aligned with regional need and potential incentives.
- Mixed-use or adaptive reuse enhancements to increase revenue.
- Motivated seller open to creative financing structures.



WEAKNESSES

- Significant capital investment required for renovation.
- Limited population growth may affect housing absorption.
- Seasonal leisure exposure if operated as a hotel.
- Financing complexity due to lack of in-place cash flow.

THREATS

- Competition from stabilized I-40 corridor hotels.
- Construction cost volatility and contractor availability.
- Regulatory considerations for conversion strategies.
- Economic sensitivity of a tertiary, demand-driven market.



MARKET OVERVIEW & PERFORMANCE

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Market Overview

Grants, New Mexico is the county seat of Cibola County and is strategically located along Interstate 40 and historic Route 66 in western New Mexico. Approximately 78 miles west of Albuquerque and 60 miles east of Gallup, the city serves as a key stop along one of the nation's primary east-west transportation corridors. Its position along I-40 provides consistent exposure to interstate travelers while also functioning as a regional hub for surrounding rural communities.

Set at roughly 6,500 feet in elevation, Grants is surrounded by striking high-desert landscapes, including Mount Taylor and the El Malpais National Monument. The region is known for its volcanic formations, lava flows, sandstone bluffs, and expansive public lands. Outdoor recreation is a major draw, with hiking, mountain biking, camping, fishing, and scenic drives supporting year-round tourism activity.

Historically known as the "Uranium Capital of the World," Grants developed as a mining-centered economy and continues to benefit from energy, construction, transportation, and government-related sectors. This diversified workforce base, combined with interstate accessibility and growing heritage tourism, supports steady demand for lodging, workforce housing, and essential services - positioning Grants as both a service center for local residents and a reliable stop for transient and extended-stay visitors.



Primary Demand Drivers

Interstate 40 Travel Corridor

Direct frontage along I-40 - one of the nation's primary east-west corridors - drives consistent transient demand from highway travelers, commercial trucking, and government per diem traffic, forming the foundation of local hotel occupancy.

Energy, Industrial & Government Activity

Regional demand is supported by energy, mining, renewable projects, infrastructure work, correctional facilities, and other public-sector operations, generating steady midweek and extended-stay demand.

Outdoor Recreation Gateway

Proximity to El Malpais National Monument, Zuñi Mountains, and the Bluewater Lake State Park supports seasonal leisure travel and outdoor tourism.

Route 66 & Regional Visitation

Historic Route 66 traffic, RV and motorcycle tourism, regional events, and family travel provide additional leisure demand throughout the year.



Demand Generators



ROUTE 66 DRIVE-THRU NEON SIGN

The Route 66 Drive-Thru Neon Sign is one of Grants' most recognizable roadside attractions and a nostalgic tribute to the city's historic connection to America's "Mother Road." As travelers continue to seek authentic Route 66 experiences, iconic photo landmarks like this draw cross-country road trippers, motorcycle groups, RV travelers, and international tourists exploring the Southwest. The sign reinforces Grants' identity as a classic Route 66 stop, encouraging visitors to exit Interstate 40, explore the local area, and patronize nearby restaurants, fuel stations, and lodging establishments. Heritage tourism tied to Route 66 remains a consistent leisure driver, particularly during peak travel seasons.

GRANTS RODEO GROUNDS & COW PALACE

The Grants Rodeo Grounds and the historic Cow Palace serve as important community and regional event venues, hosting rodeos, equestrian events, livestock shows, fairs, and seasonal gatherings. These events attract participants, spectators, vendors, and families from throughout Cibola County and neighboring regions, generating incremental lodging demand during event weekends. Rodeo and agricultural events are deeply rooted in the culture of western New Mexico, and the facility plays a meaningful role in supporting tourism tied to regional traditions and rural sports. Event-driven visitation contributes to periodic spikes in occupancy and reinforces Grants' position as a local gathering hub.



Demand Generators

ICE CAVE AND BANDERA VOLCANO

The Ice Cave and Bandera Volcano is a unique geological attraction featuring a preserved ice cave within a lava tube and hiking trails through ancient volcanic terrain. Located near El Malpais, it draws outdoor enthusiasts, families, and road-trippers seeking distinctive natural experiences. Its accessibility from Interstate 40 makes it a consistent seasonal leisure driver that supports overnight visitation in Grants.



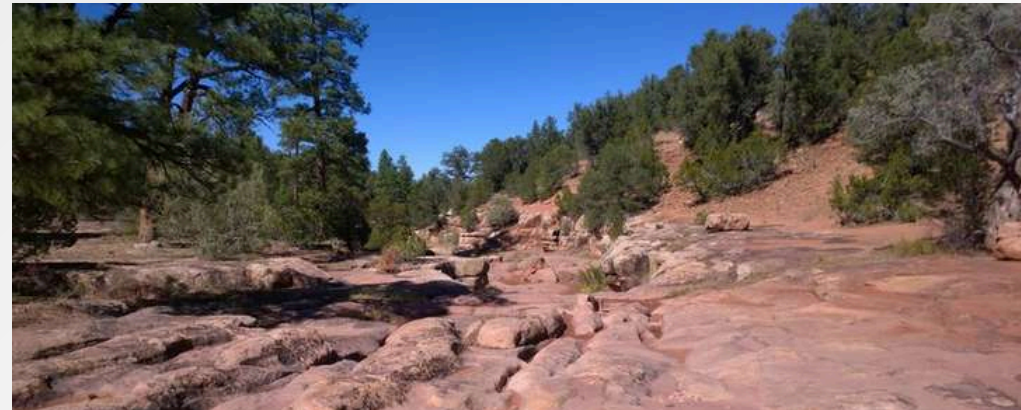
BLUEWATER LAKE STATE PARK

Bluewater Lake State Park offers year-round recreation including fishing, camping, boating, and hiking, with trout fishing serving as a major draw. The park attracts weekend visitors from Albuquerque and surrounding communities, generating lodging, dining, and retail demand in Grants, particularly during peak outdoor seasons. Its combination of water-based recreation and mountain scenery broadens the area's tourism base beyond traditional highway traffic.



ZUÑI MOUNTAINS

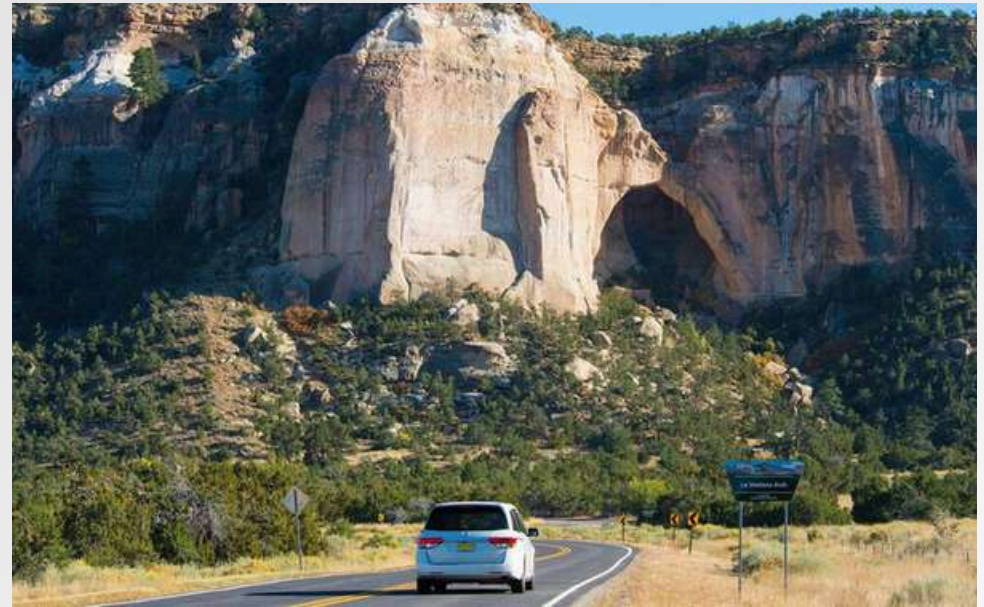
The Zuñi Mountains provide extensive public lands for hiking, mountain biking, hunting, and off-highway recreation. Popular with outdoor enthusiasts seeking scenic, less-crowded terrain, the area supports repeat seasonal visitation and extended stays, reinforcing Grants' position as a regional outdoor gateway. Seasonal hunting and trail activity further contribute to incremental lodging demand throughout the year.



Demand Generators

EL MALPAIS NATIONAL MONUMENT

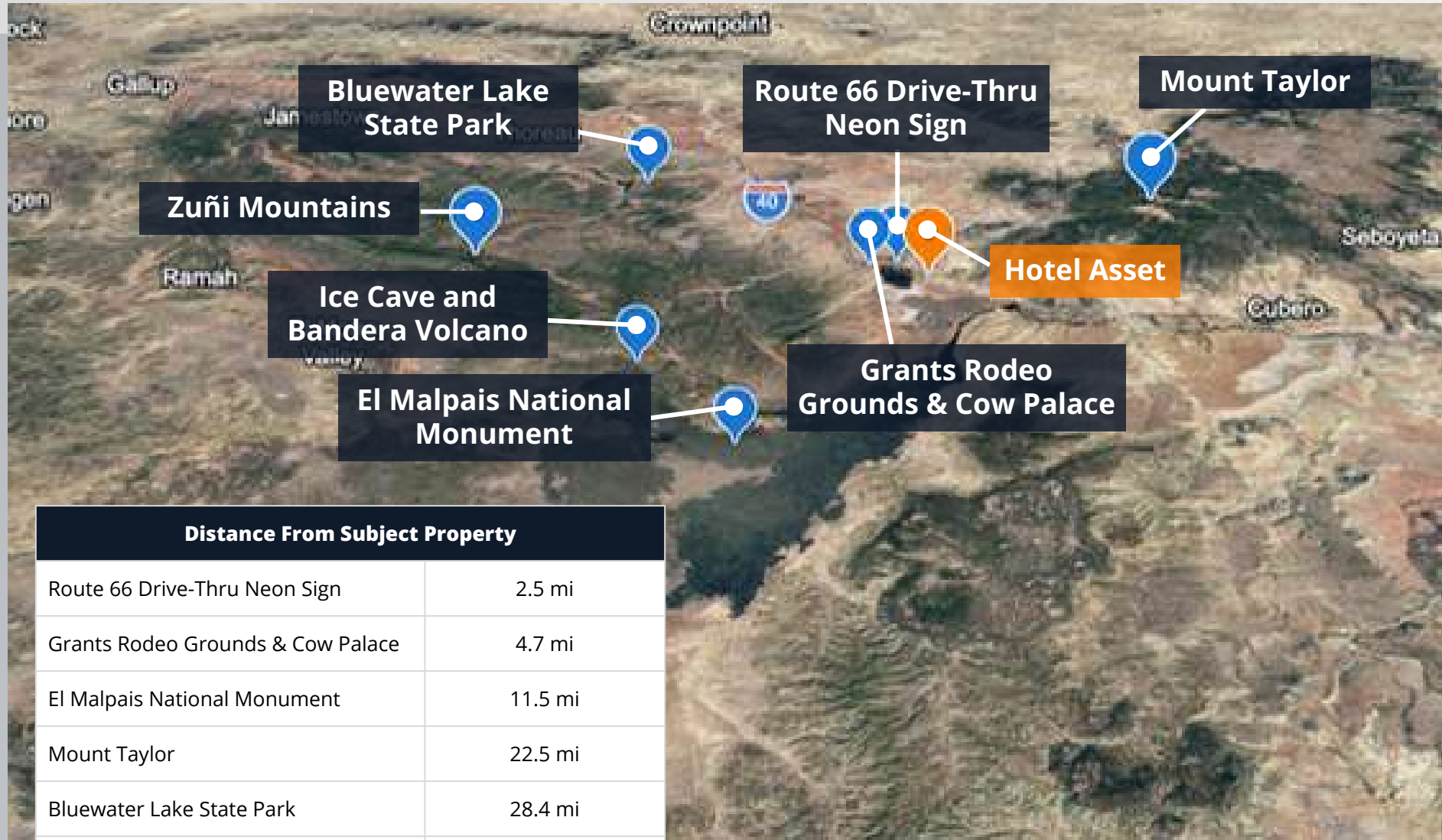
El Malpais National Monument is nationally recognized for its dramatic volcanic landscape, featuring expansive lava flows, cinder cones, lava tube caves, sandstone bluffs, and natural arches. The monument preserves one of the most geologically unique environments in the Southwest, offering designated hiking trails, backcountry exploration, and guided cave experiences. Its designation as a National Monument elevates its tourism draw, attracting visitors from across the country seeking distinctive natural landscapes beyond traditional national parks. As a primary gateway community to El Malpais, Grants benefits from seasonal leisure visitation, eco-tourism, and educational travel tied to geology and conservation.



MOUNT TAYLOR

Mount Taylor rises to over 11,300 feet and is one of the most prominent natural landmarks in western New Mexico. Designated as a National Historic Landmark, the mountain holds cultural and spiritual significance for several Native American tribes while also serving as a major outdoor recreation destination. Visitors are drawn to Mount Taylor for hiking, camping, scenic drives, wildlife viewing, and seasonal hunting, with higher elevations offering cooler summer temperatures that attract regional travelers seeking relief from desert heat. Its prominence on the skyline and accessibility from Grants reinforce the city's position as a gateway to outdoor adventure, supporting consistent seasonal leisure demand and extended stays tied to recreation and cultural tourism.

Demand Generator Map



Distance From Subject Property	
Route 66 Drive-Thru Neon Sign	2.5 mi
Grants Rodeo Grounds & Cow Palace	4.7 mi
El Malpais National Monument	11.5 mi
Mount Taylor	22.5 mi
Bluewater Lake State Park	28.4 mi
Ice Cave and Bandera Volcano	29.4 mi
Zuñi Mountains	37.9 mi

Housing Shortage Overview

New Mexico is facing a structural housing deficit driven by decades of underproduction, rising construction costs, and aging inventory. Supply has not kept pace with renter demand across both urban and rural markets, creating sustained affordability pressure statewide and increasing the importance of adaptive reuse and conversion opportunities.

Key Housing Shortage Findings:

- Estimated shortage of approximately 32,000 affordable housing units statewide.
- Deficit of more than 38,000 rental units affordable to extremely low-income households.
- Roughly 50% of renters are cost-burdened (30%+ of income toward rent), with approximately 25% severely cost-burdened (50%+).
- Median home prices have risen significantly since 2018 while available housing inventory has tightened.
- Housing production has lagged for nearly 30 years, contributing to systemic undersupply.

These statewide imbalances extend beyond major metropolitan areas and directly impact tertiary markets where new development has been limited. In this environment, large, well-located assets with existing infrastructure—such as the former Red Lion—are positioned to capitalize on unmet demand through affordable housing, workforce housing, or renovated market-rate rental strategies.



Implications for Grants, NM

While Grants-specific housing data is limited, statewide indicators strongly suggest similar or heightened pressure in Cibola County. Grants has experienced minimal residential construction in recent decades, resulting in constrained supply and an aging housing stock. In tertiary markets with lower median incomes, renter cost burdens often meet or exceed statewide averages, reinforcing the need for attainable housing options.

Considerations:

- Limited recent housing development and a shallow future pipeline.
- Aging inventory requiring renovation or replacement.
- Income levels that heighten affordability pressure.
- Rising construction, labor, and insurance costs that challenge ground-up feasibility.

Given these dynamics, the former Red Lion presents a timely adaptive reuse opportunity. The property's scale and layout support potential conversion into affordable housing, workforce housing, renovated market-rate apartments, or a mixed-use configuration, offering investors exposure to a structurally undersupplied housing market.



Market Data

MARKET SUMMARY

The subject property is the former Red Lion located directly off Interstate 40 in Grants, New Mexico. The market is supported by consistent interstate travel, commercial trucking, energy and industrial workforce activity, government demand, and seasonal outdoor tourism. Its high-visibility highway location positions the asset to capture both transient and extended-stay demand. As a currently closed property, future performance will depend on the selected repositioning strategy and capital improvement plan, whether as a rebranded hotel or housing redevelopment.



DEMOGRAPHICS

Population	2 MILES	5 MILES	10 MILES
2024 Population	6,606	12,700	14,677
Annual Growth 2020-2024	3.3%	1.3%	0.1%
Annual Growth 2024-2029	0.2%	-0.1%	-0.2%
Median Age	36.7	38.6	38.9
Bachelors Degree or Higher	15%	17%	17%

Households & Income	2 MILES	5 MILES	10 MILES
2024 Households	2,294	4,442	5,166
Average Household Size	2.5	2.5	2.5
Median Home Value	\$109,984	\$119,269	\$113,352

Market Performance

SUBMARKET KEY METRICS

*Data is from January 2026.

INVENTORY	SUBMARKET UPSCALE & UPPER MIDSCALE	SUBMARKET
Inventory Rooms	933	2,914
Existing Buildings	12	50
SALES	SUBMARKET UPSCALE & UPPER MIDSCALE	SUBMARKET
Market Sale Price/Room	\$72.4K	\$49.2K
Market Cap Rate	9.8%	10.7%

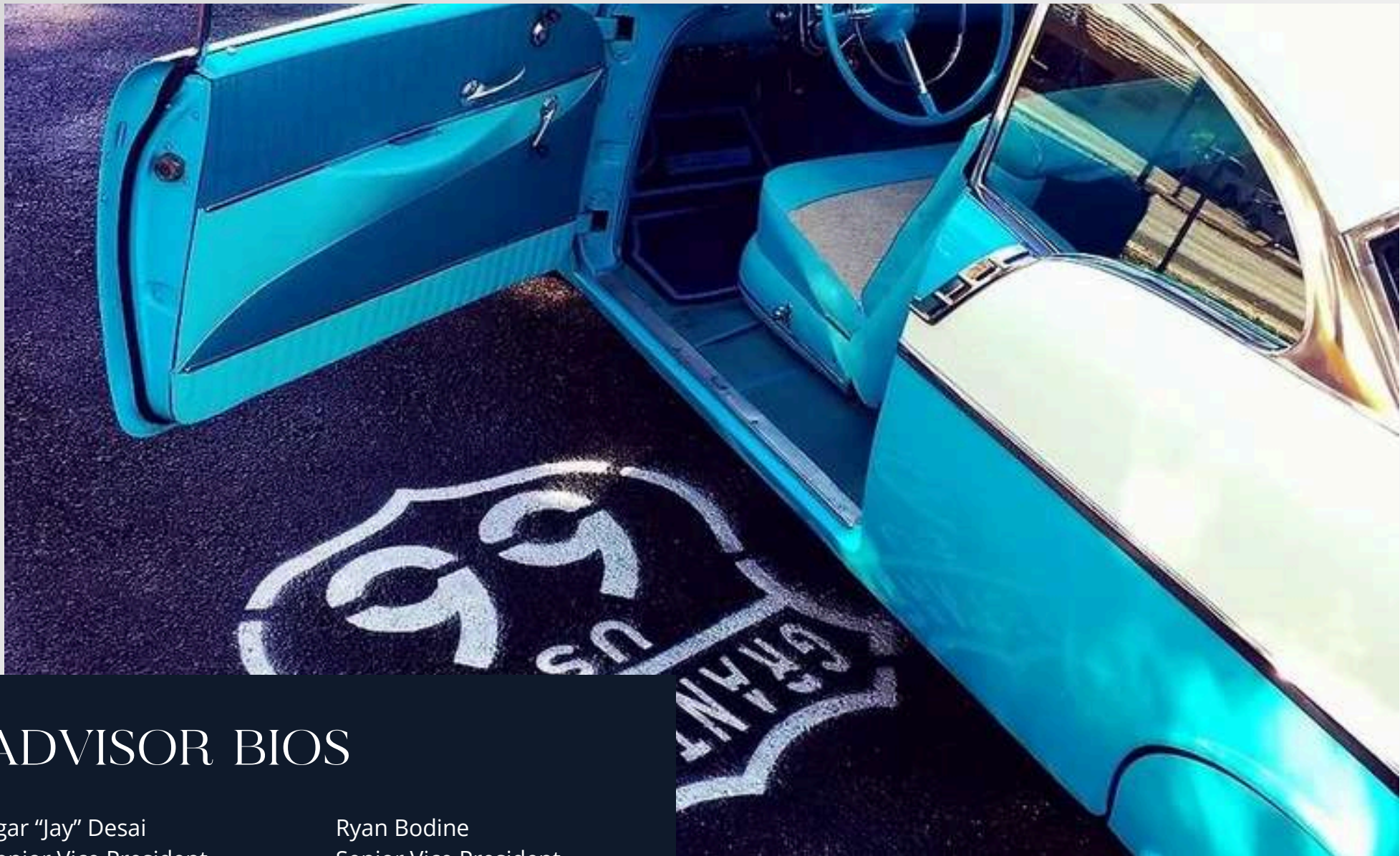
Gallup/Grants comprises 50 hotel properties, which contain around 2,900 rooms. Among the subtypes, there are 930 Upscale & Upper Midscale rooms, and 2,000 Midscale & Economy rooms in Gallup/Grants.

PERFORMANCE	SUBMARKET UPSCALE & UPPER MIDSCALE	SUBMARKET	FORECAST AVERAGE
12 Mo Occupancy	70.1%	53.9%	51.9%
12 Mo ADR	\$128.49	\$98.40	\$99
12 Mo RevPAR	\$90.09	\$53.06	\$52

AGENT'S OPINION ON MARKET AND HOTEL PERFORMANCE.

A lower-mid occupancy level is typical for a transient/trucking/tourism-heavy market with significant seasonal and usage variability. The ADR is modest — consistent with corridor lodging markets rather than high-end resort or urban markets. The resulting RevPAR reflects the balance of lower occupancy but stable demand during peaks (tourist season, freight/truck volume, weather-related stopovers, and crew lodging).





ADVISOR BIOS

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Professional Background

Ryan is the Senior Vice President at NewGen Advisory specializing in identifying and representing hospitality investment opportunities for domestic and international partners. With a background in foreign direct investment and business ownership, he brings an ownership mindset to every deal, leveraging his extensive network of high-net-worth investors to maximize returns for clients.

Before joining NewGen, Ryan sourced foreign investment for Green Card Fund, worked as an Executive Consultant in education reform, and owned an international promotional products company. Ryan earned his degree in International Business from Arizona State University, graduating Summa Cum Laude, after studying at the University of Hawaii at Manoa and Roehampton University in London.

He is actively involved in industry and economic development organizations, including AAHOA, AZLTA, ULI, AAED, GPEC, the Phoenix Committee on Foreign Relations, and the Global Shapers Phoenix HUB Community.



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Professional Background

Jigar joined NewGen Advisory in 2017, focusing on hotel and lodging transactions across the Southwestern U.S. His unique ability to connect buyers and sellers while balancing their financial needs makes him an invaluable asset to clients.

Growing up in the hotel industry, Jay has a deep understanding of hotel operations. Prior to joining NewGen, he worked in financing and lending at a national bank, gaining insights and connections to help clients secure financing for complex assets.

Jay graduated from the University of Arizona in 2011 with dual degrees in Finance and Real Estate from the Eller College of Management. He is an ambassador and member of the Asian American Hotel Owners Association (AAHOA) and holds certifications from Choice Hotels and Best Western.



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